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SUBJECT: ISRAEL MEDIA REACTION

SUBJECTS COVERED IN THIS REPORT:

Winograd Probe Into 2nd Lebanon War

Key stories in the media:

All media reported that PM Ehud Olmert won a tactical victory on Wednesday in the power struggle within the Kadima party, rallying the majority of party Knesset members to his support, despite FM Tzipi Livni's press conference in which she urged him to resign.

Yediot quoted Olmert advisers as saying that Olmert has decided to fire Livni -- not now, but later, when he will replace her with Transportation Minister Shaul Mofaz. Maariv quoted Olmert associates as saying that Livni's dismissal is not on the agenda. As of Wednesday there were only three rebels in Kadima whose intentions had been made public: Livni and MKs Avigdor Yitzhaki and Marina Solodkin. In an announcement on Wednesday, the faction said it is backing the PM and supports his decision to quickly implement the recommendations of the Winograd Commission. The statement also stressed that Olmert intends to work to bolster the coalition. The media quoted VP Shimon Peres as saying at the end of the meeting that he was not surprised at the extent of the support for Olmert. MK Tzachi Hanegbi will fill Yitzhaki's post as coalition whip for the next two weeks. Ha'aretz quoted sources close to Defense Minister and Labor Party leader Amir Peretz as saying that he does not intend to resign following the release of the Winograd report. According to the sources, Peretz plans to stay at the ministry's helm until the Labor primaries scheduled for May 28. The sources refuted reports on Wednesday that Peretz was considering resigning. They were quoted as saying that the reason for the reports was that Peretz consulted additional advisers on whether to step down. Israel Radio reported that Peretz might resign by Friday.

Yediot and Maariv carried the same banner: "Test of the Square." They were referring to how politicians will react to the size of the mass rally planned for tonight at Rabin Square in Tel Aviv. The demonstration's organizers called on politicians to stay away from the demonstration. Prior to the organizers' decision, Likud Chairman Binyamin Netanyahu and Meretz head Yossi Beilin had been named as possible speakers. Leading electronic media reported that this morning Netanyahu told the Knesset's Likud faction that the current government "has lost the trust of the public, if it had any to begin with. Therefore, we need to return to the public so it can speak for itself."

Ha'aretz reported that the international community is keeping a close eye on recent political developments in Israel. The newspaper said that the Foreign Ministry learned that the Winograd report's repercussions received high priority in last week's meeting of the EU Council of Ministers. Ha'aretz quoted EU foreign policy chief Javier Solana as saying that should the government collapse following the report, then "it would constitute a death blow to the peace process, particularly with the PA." Israel Radio quoted the Egyptian FM as saying that Israel should not be pressured at this time of political crisis.

Ha'aretz reported that the Winograd Commission has found that, during the Second Lebanon War, unlike Israel's political leaders, the Air Force and General Staff received good intelligence, which was not transferred to ground forces.

Leading media reported that on Wednesday, in an unprecedented move, Hizballah leader Sheikh Hassan Nasrallah praised the Winograd Commission's report and regretted that there had not been such a development in Lebanon.

Ha'aretz quoted PA Chairman [President] Mahmoud Abbas as saying on Wednesday, following a meeting with Meretz Chairman Yossi Beilin in Ramallah, that Egypt presented Israel and Hamas with a new proposal for a deal for the release of kidnapped IDF soldier Gilad Shalit. Abbas was quoted as saying that two to three weeks are necessary to discuss the new Egyptian proposal. In a press conference, Abbas also spoke about the economic siege on the PA, and said the authority may collapse in two months unless it receives international aid. "Anyone who thinks that the fall of the government can be brought about without the collapse of the PA does not know what he is talking about," Abbas said, criticizing the boycott against the Palestinian unity government. "European countries want to work with the government, and they reject the economic boycott over the Palestinian people," Abbas was quoted as saying. Maariv quoted Abbas as saying that he would discuss peace with Netanyahu. Ha'aretz quoted Beilin, who was in Ramallah for a gathering of Geneva Initiative supporters, as saying that there are 70 Knesset members who currently support a peace agreement, but he warned that the situation would change if there were elections.

Leading media quoted Israel's Ambassador to the US, Sallai Meridor, as saying on Wednesday that, faced with what he called the biggest

buildup by Syria along its border with Israel since the Yom Kippur War, Israel is privately reassuring its Arab neighbor that it is not seeking a confrontation.

All media reported that on Wednesday the Shin Bet revealed that former Balad Party chairman Azmi Bishara was under investigation for allegedly spying on behalf of Hizbulah during the Second Lebanon War by providing the guerrilla group with targets for their rockets, as well as classified military information. Media reported that the Shin Bet suspects Bishara of having received hundreds of thousands of dollars; while The Jerusalem Post said that this is one of the most serious cases of espionage in Israeli history, Ha'aretz wrote that no concrete evidence has been presented to back the allegations against Bishara. Ha'aretz reported that for now, recordings of Bishara's conversations before and during the war, allegedly with Hizbulah agents, is not being released, in an effort to protect the investigation. Ha'aretz cited Balad's claim that there is a chasm between the charges and the evidence presented by the Shin Bet.

The Jerusalem Post reported that Iran and the US remain noncommittal regarding a possible meeting between the countries' senior diplomats in Sharm el-Sheikh. Yediot reported that Syrian FM Walid Mualem does not rule out a meeting with Secretary of State Condoleezza Rice, and highlighted Iran's refusal to meet with her.

Yediot, Maariv, and The Jerusalem Post reported that Mikki Goldwasser, the mother of abducted IDF soldier Ehud Goldwasser, sent an emotional letter to Hizbulah's spiritual leader, Ayatollah Muhammad Fadlallah, asking for a sign of life from her son.

The Jerusalem Post reported that, in his memoir, "At the Center of the Storm: My Years at the CIA," former CIA Director George Tenet blames Yasser Arafat for being the "last impenetrable barrier to peace."

Conservative French presidential hopeful Nicolas Sarkozy was quoted as saying in an interview with The Jerusalem Post that he defends Israel's right to protect itself, but that Israel's security must not infringe upon a future viable Palestinian state.

Media reported that, during the hearing he held on Wednesday about the sexual offenses allegedly committed by Israeli President Moshe Katsav, Attorney General Menachem Mazuz attentively listened to arguments presented by Katsav's lawyers. A second hearing will take place in two weeks.

The Jerusalem Post reported that NATO is financing research at the Tachyon-Israel Institute of Technology in Haifa on protecting water supply systems against biological and chemical terrorism.

Yediot quoted the late US President Ronald Reagan as saying in his diaries, which his widow Nancy Reagan handed over to a historian and are slated to be published in book form that he thought that the end of the world had come when Israel bombed Iraq's nuclear reactor in 1981. Maariv reported that Reagan wrote in 1982 that Ariel Sharon is the "bad guy looking for war."

Winograd Probe Into 2nd Lebanon War:

Summary:

The independent, left-leaning Ha'aretz editorialized: "If Israel's citizens have anything to say about the conduct of their government during last summer's war, then they should ... turn out tonight at the protest rally at [Tel Aviv's] Rabin Square and demand its resignation."

Meretz-Yahad Party Chairman and Knesset Member Yossi Beilin and National Union-National Religious Party Knesset Member Effie Eitam wrote in a joint page one article in the popular, pluralist Maariv: "We are on either side of the fence on nearly every issue.... [But] We call upon every citizen, man and woman, no matter what their political position is, to come today and protect ... the public's right to influence its fate."

Liberal op-ed writer Yael Paz-Melamed commented in Maariv: "In

practice, it is a demonstration aimed at changing the government in Israel, and changing the government means the return of Bibi [Netanyahu] and the Likud."

Senior columnist Dan Margalit wrote in Maariv: "[Olmert] is assured... of losing either way.... If he ... leaves Livni in... [this] will wear out his strength.... If he dismisses her, he will bear the responsibility for the greatest internal crisis that Kadima has known since the war."

Political parties correspondent Yossi Verter wrote on page one of Ha'aretz: "Yitzhak Rabin said about Shimon Peres that leadership is not built on whining; by the same token, one can say about Livni that leadership is not built on cowardice."

Political parties correspondent Sima Kadmon wrote on page one of the mass-circulation, pluralist Yediot Aharonot: "An honest politician is definitely good news, but it is not enough to run a country."

Diplomatic correspondent Ben Caspit wrote on page one of the popular, pluralist Maariv: "Tzipi Livni's 'finest hour' was very small on Wednesday."

The conservative, independent Jerusalem Post editorialized: "The nation now desperately needs new leadership, so that the first steps on the long road to recovery can be taken."

Shlomo Avineri, Hebrew University Professor of Political Science and former director-general of the Foreign Ministry, wrote in The Jerusalem Post: "The Winograd Report ... sends a message to all of us, the sovereign people: Never again must Israel be led by people with no experience in security or defense matters."

Block Quotes:

I. "Time to Get Off the Couch"

The independent, left-leaning Ha'aretz editorialized (5/3): "If Israel's citizens have anything to say about the conduct of their government during last summer's war, then they should vote with their feet and turn out tonight at the protest rally at [Tel Aviv's] Rabin Square and demand its resignation.... The protest rally demanding the resignation of the Prime and Defense Ministers -- and possibly of the entire cabinet because of its scandalous performance during the war -- will be a manifestation of free speech and of the power vested in each of us by Israeli democracy.... Our government went to war without knowing what it was doing. Moreover, it failed to perform its minimal duty to try and find out what it was doing. It must not, therefore, be allowed to rectify its mistakes. All it can do is apologize to its voters and give itself the boot. Israel is in the throes of a real crisis. It lacks leadership, deterrence and a political blueprint. Its citizens have nothing but indictments against their elected leaders to look forward to. Its cabinet cannot so much as keep and man the posts its implicated members are forced to abandon. The seemingly anachronistic protest measure of a mass demonstration is, all things considered, the least that must be done.... All those who think the current leadership should go must take to the square tonight."

II. "Come and Demonstrate"

Meretz-Yahad Party Chairman and Knesset Member Yossi Beilin and National Union-National Religious Party Knesset Member Effie Eitam wrote in a joint page one article in the popular, pluralist Maariv (5/3): "We have never written a joint article. Our approaches on the way Zionism should be fulfilled are diametrically opposed. We are on either side of the fence on nearly every issue.... But we both fear for the future of Israeli society. We both open our eyes wide in amazement at the behavior of the prime minister, in light of the Winograd Commission report. We are both convinced that Olmert has to go, due to his responsibility for the major failure of the Second Lebanon War. We will both do everything possible within the democratic rules of the game in order for this to happen.... Today

will be the first test of the people's willingness to regain its standing as the sovereign in a democratic state, a first and small step of one evening, in which hundreds of thousands of the state's citizens will come to the city square to speak their piece. This is a highly important test of the question whether the State of Israel is capable of learning the lessons and starting to rectify the failings revealed and described by the Winograd Commission. We call upon every citizen, man and woman, no matter what their political position is, to come today and protect the life's breath of democracy: The public's right to influence its fate. The people in the square are the ones who will allow the voice of the people to be heard within the walls of the collapsing stronghold of 'Ehudgrad.' This is a legal, moral and democratic step that compels us all. Many nations have known how to unite in moments when they identified a severe danger to the foundations of their democracy. The refusal of the Olmert government to resign is such a formative moment. We must all rise up and defend the foundations of our shared order, which allows us to disagree as well. We will be there."

III. "Don't Go to the Square"

Liberal op-ed writer Yael Paz-Melamed commented in Maariv (5/3): "This evening, in [Tel Aviv's] Rabin Square, where hundreds of thousands of people will apparently gather, Binyamin Netanyahu will enthrone himself as Israel's next prime minister. And that is what will ultimately come out of the Winograd report.... In practice, it is a demonstration aimed at changing the government in Israel, and changing the government means the return of Bibi [Netanyahu] and the Likud.... And the Likud, for those who do not remember, is a right wing party, in some issues even an extreme right wing party, and from the entire report, this is what will remain: The return of the right wing to power. The elimination of any possibility of an arrangement with the Palestinians. The failure to remove a single illegal settlement outpost. The continuation of the settlement momentum. Not to mention the proper management of the country. I am not saying here that Ehud Olmert should not resign.... The public protest, however, which failed completely until the publication of the report, must not focus solely on the personal matter, despite the fact that this is the only thing that we as a public know how to do."

IV. "Not a Scaredy-Cat"

Senior columnist Dan Margalit wrote in Maariv (5/3): "[Olmert] is assured... of losing either way. If he listens to the Kadima members who seek to keep the government whole and leaves Livni in, he will have swallowed a bitter pill, which will wear out his strength. Anyone will be able to manipulate him at will. On the other hand, if he dismisses her, he will bear the responsibility for the greatest internal crisis that Kadima has known since the war. Livni will appear this evening at the mass demonstration in Rabin Square, and the inevitable move of Olmert's resignation will be accelerated. He is damned if he does and damned if he doesn't."

V. "Another Missed Opportunity"

Political parties correspondent Yossi Verter wrote on page one of Ha'aretz (5/3): "It is unpleasant to see such a senior minister finding her way amid tangled verbiage meant to get her off the hook with a vestige of self-respect. Yitzhak Rabin said about Shimon Peres that leadership is not built on whining; by the same token, one can say about Livni that leadership is not built on cowardice. The partial Winograd report, which focused on the beginning of the Second Lebanon War and was released on Monday, could have been a turning point in Livni's meteoric career. She had the fate of the government and of the Prime Minister in her hands. If Livni had resigned the day after the report was released, it is reasonable to assume that Olmert would no longer be prime minister -- and Livni would have become the alternative. Her resignation would have set off a snowball effect that would have led to Olmert's political death, or at least critical injury.... Knowing the vengeful Olmert, he won't let Livni get close to fixing anything. He will drag her along here and there, and in a few days or a few weeks, he will perform a mercy killing. Politically speaking, of course.... [Anyway], come August, the government will have to face the greatest test of all: the final war report."

VI. "All-Talk Tzipi"

Political parties correspondent Sima Kadmon wrote on page one of the mass-circulation, pluralist *Yediot Aharonot* (5/3): "Like a rabbit caught in the headlights, that is how Foreign Minister Tzipi Livni looked [on Wednesday]. Instead of continuing to run, to quickly cross the road she had chosen, she suddenly stopped and froze in place. Hesitated. Panicked. Unsure. The problem is that the fate of such a hesitant rabbit can only be one: it is fated to be run over. And that is what happened to Livni.... Perhaps for the first time since her meteoric political rise, her weakness was exposed. There will be those who say that her fear is her weakness. Her inability to make decisions and take them all the way. With her yes and no, her hot and cold, her tea and coffee. or in short: the Deputy Prime Minister does not have the stones.... An honest politician is definitely good news, but it is not enough to run a country."

VII. "Her Smallest Hour"

Diplomatic correspondent Ben Caspit wrote on page one of the popular, pluralist *Maariv* (5/3): "On Wednesday the great white hope of Israeli politics was a pale, stammering, agonized, regretful hope.... It is possible that if Livni had been Israel's prime minister on July 12, 2006, we would have been spared the Winograd Commission. But her behavior on Wednesday greatly reduced the chances that she will be Israel's prime minister in the near future. Hesitancy has many facets, for better and for worse. On Wednesday it was for worse. Tzipi Livni's 'finest hour' was very small on Wednesday.... It can also be said in Livni's favor that she did what she did on Wednesday with the sense that this was an ethical, conscientious, worthy act. She took the risk of being dismissed by Olmert.... What kind of distortion would it be for her to be the only one to resign, while all the others remain in place? Is this what needs to be done now? Livni's problem is that the answer is positive. As Israel's beacon of conscience and political cleanliness, that is what she should have done. But failed to do."

VIII. "Compounding the Failures"

The conservative, independent *Jerusalem Post* editorialized (5/3): "The [Winograd] Commission's unadorned and relentless criticisms of the government's actions leave no confusion as to its views: that the current leadership is unfit to govern. Its final report, expected this summer, will likely be even more critical, and, it can be presumed, will not shy away from explicitly recommending that Olmert resign. The initial report, though, is already so scathing that it renders such 'personal recommendations' somewhat redundant. Even if the commission had been more explicit, it is hard to imagine a more devastating analysis preceding this conclusion. If there is something puzzling about the commission's stance, it is its seeming faith that the same leaders it finds so lacking in a basic sense of responsibility would have sufficient integrity to draw their own conclusions and step down. This faith now seems to have been, perhaps predictably, misplaced.... In this context, Foreign Minister's Tzipi Livni's stance is notably mystifying and discrediting. Her public call on Olmert to resign cannot be squared with her decision to stay in the government in order to fix its failings. If the government is fixable with Olmert at its helm, then why should he resign?.... The nation now desperately needs new leadership, so that the first steps on the long road to recovery can be taken."

IX. "Lessons of Winograd"

Shlomo Avineri, Hebrew University Professor of Political Science and former director-general of the Foreign Ministry, wrote in *The Jerusalem Post* (5/3): "The [Winograd] Commission has castigated the Olmert-Peretz government for crossing this thin line on July 12, 2006 in a reckless, unthinking and irresponsible way. It is for this that both men should resign. Going to war is always the ultimate test of political leadership. It is the mark of sovereignty. It should always be resorted to only as a last resort. The leadership failed all these benchmarks.... By bringing this out very clearly, the Winograd Report, with all its justified restraint, sends a message to all of us, the sovereign people: Never again must Israel be led by people with no experience in security or defense matters. This does not mean that only former generals qualify: Neither Shimon Peres nor Moshe Arens, who both served with

distinction as ministers of defense, were military men, but they knew what security and defense were about. The Olmert-Peretz team did not, and they should be relieved of responsibility for our security, our defense, and our future. "

JONES